2006–2007

# Saskatchewan

## Provincial Budget

*Performance Plan*

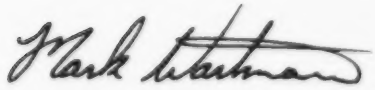
*Saskatchewan Agriculture and Food*

# Minister's Message

Agriculture is a major economic driver in Saskatchewan, but one which is currently experiencing significant economic stress and need for transformation. The Saskatchewan Agriculture and Food (SAF) 2006-07 Performance Plan demonstrates our continuing commitment to assist producers and their industry through these difficult times. It also details the actions of the Department to balance and diversify the primary sector, and to provide the basis for additional agricultural processing and value-added activity within the province.

We continue to focus on the provision of effective risk management programming. Such programming provides agricultural producers with a financial safety net against adverse production and market outcomes. This assists producers in dealing with short to medium term economic stresses and helps ease the ongoing adjustments that are occurring in the industry and in rural Saskatchewan. Complementing such programming is the Department's development agenda. Through investment in research, delivery of development and technology transfer services and the encouragement of livestock industry expansion, SAF seeks to return agriculture to economic vitality and to further its contribution to the provincial economy. This direction will be pursued in a manner that is complementary to our goals related to environmental sustainability and to the provision of safe, high-quality food.

Although agriculture faces numerous challenges, producers continue to display both resilience and a belief in their industry's potential. It is this spirit that enables stakeholders and government to work together to build a stronger and profitable industry for the future. Our performance plan has been shaped through ongoing dialogue with such stakeholders. As Minister responsible, I am committed to completing the key actions identified in this plan and reporting on actual progress to the people of Saskatchewan in July 2007.



Mark Wartman
Minister of Agriculture and Food

# Who We Are

The mandate of the Department is to foster a commercially viable, self-sufficient, and sustainable agriculture and food sector. Working with individuals, businesses, communities, and governments, SAF will assist farmers and ranchers, encourage higher value production and processing, and promote sustainable economic development in rural Saskatchewan.

To deliver on its mandate, SAF provides programs, technical support and specialist services to encourage the expansion of the livestock sector, the diversification to higher value crops and additional processing of agricultural production. SAF works to ensure livestock projects are developed in an environmentally sustainable manner, that disease surveillance occurs and that farm quality assurance programs are developed to ensure the production of safe food.

The Agriculture Knowledge Centre (AKC) in Moose Jaw and nine strategically located Agriculture Business Centres (ABC) throughout the province are key components of the Department's service delivery model. Delivery through the AKC reflects emerging trends in information and technology transfer to farmers. It enables the Department to be less reliant on local offices, while maintaining high quality service. The ABCs engage in three interlocking functions which deal with supporting agri-business development, building community capacity, and providing technical capacity for competitive value chains.

The Department is responsible for the administration of approximately 7.3 million acres of Crown land that is leased to farmers and ranchers or operated as community pastures. Approximately $30 million in annual revenue is collected from these assets. This revenue includes rent from cultivation, hay and grazing leases, the proceeds of petroleum and gas leases, other land revenues and administration fees and the net proceeds from Crown land sales.

SAF provides significant third party funding for research and development. Many of these resources are provided to various faculties and centres of the University of Saskatchewan or to research institutions that are located near the University. Over the long-term, these institutions play an essential role in delivering on the Department's mandate to foster a commercially viable, self-sufficient and sustainable agriculture and food sector, and in the encouragement of higher value production and processing. As a condition of the research and development contracts and agreements entered into, these institutions provide accountability to SAF for the funding received.

The Saskatchewan Agriculture Development Fund (ADF) is the major channel for provincial agriculture and food research funding. Over $7 million is provided to fund new and ongoing projects in livestock, crops, environmental stewardship, value added and general research areas. An additional $3.3 million annually is provided to the University of Saskatchewan under the Strategic Research Program of the ADF. This commitment extends until the spring of 2008.

The Department also funds ongoing risk management programs to assist producers in offsetting risks in crop production, to stabilize income and to deal with economic disasters. Production insurance on a wide range of annual crops and crop classes, and on forages, as well as weather based insurance products, are provided through the Saskatchewan Crop Insurance Corporation. Income stabilization and disaster assistance is provided through the Canadian Agricultural Income Stabilization (CAIS) program. This program is jointly funded by the federal and provincial government and is delivered in Saskatchewan by the Government of Canada. Although program guidelines are subject to federal/provincial/territorial agreement, the federal administration determines specific program delivery parameters and administrative processes.

SAF also is experienced in rapidly developing and delivering short-term assistance programs to deal with extraordinary shocks to the provincial farm economy. Actions taken in previous years to assist the provincial livestock industry in dealing with the impact of severe drought or Bovine Spongiform Encephalopathy (BSE) are notable examples.

The Department's staff complement, in terms of full-time equivalents (FTEs), numbers 532.1. This is separate from the staff complement of 336.5 at the Saskatchewan Crop Insurance Corporation. The total organizational complement is 868.6 FTEs.

Saskatchewan signed the Agricultural Policy Framework (APF) Agreement with the federal government and entered into the APF Implementation Agreement during the 2003 calendar year. These agreements establish funding commitments and programming in the areas of business risk management, food safety and food quality, science and innovation, environment and renewal that the department and/or the federal government will deliver to Saskatchewan producers during the period ending March 31, 2008. The Department expects that it will invest at least $1 billion in the agriculture sector over this period to implement the APF.

In addition to activities that are led by the Department, SAF is a participant in the provincial Safe Drinking Water Strategy that is being led by the Department of Environment. Our role in water management centers on the relationship between agricultural activities and water resources. SAF protects drinking water source supplies through research and technology, regulatory and transfer programs. (More information on the strategy may be found at: http://www.se.gov.sk.ca/environment/protection/water/2006-07PerformancePlan-DrinkingWater.pdf)

# Plan at a Glance

This performance plan continues the overall strategic direction of previous plans, but has been updated to reflect the Department's current priorities. Future performance plans will continue to evolve, in step with enhancements to the strategic planning, performance management, and public reporting processes, and as stakeholder feedback is incorporated.

Provincial agricultural production and processing industries operate in a dynamic environment, in which they experience both diverse and occasionally unique challenges and opportunities. In recognition of this, SAF's strategic planning must be cognizant of the current state of the industry and of rural Saskatchewan, and of longer-term trends and emerging opportunities. Part of the process to attaining this understanding includes ongoing dialogue with producers and producer organizations, including the:

- Farm Leaders Advisory Group;
- Farm Support Review Committee;
- Farm Stress Line Advisory Group;
- Livestock Loan Guarantee Program Producer Advisory Committee;
- WTO Advisory Committee;
- Agriculture Development Fund Board;
- Commodity Development Boards/Commissions; and
- Commodity Specific Producer and Agri-Business Organizations.

The goals and objectives identified in the following are multi-year in nature. Over time, the Department will work towards achieving its objectives, and through these will realize our broader long-term goals. For each objective, a number of key actions have been developed which apply to the 2006-07 fiscal year. A set of performance measures also has been established that will be used to gauge our progress in achieving our objectives.

SAF will report on actual, compared to planned progress after year-end, in the 2006-07 Annual Report.

***VISION***

A thriving agricultural sector that contributes to an enhanced quality of life for all Saskatchewan residents

## GOAL 1

*Prosperous, sustainable, agricultural production and processing industries*

***OBJECTIVE 1*** – *Increased livestock production and diversification to higher value crops*

*Performance Measures*

- Hogs marketed
- Slaughter steers/heifers marketed
- Beef cow herd size
- Value of Saskatchewan crop output per acre

***OBJECTIVE 2*** – *Increased total value of goods and services produced by the agriculture and food sector*

*Performance Measure*

- Primary agriculture market receipts plus agri-value (food and beverage) shipments

***OBJECTIVE 3*** – *Enhanced environmental stewardship*

*Performance Measures*

- Conservation till acreage as a per cent of land prepared for seeding
- Summerfallow as a percent of total cultivated land
- Number of environmental farm planning workshops

***OBJECTIVE 4*** – *Improved food safety and quality systems*

*Performance Measures*

- Number of incidences where inhibitor penalties are applied to dairy producers
- Number of hogs that are inspected in federally regulated slaughter facilities in Saskatchewan
- Number of Bovine Spongiform Encephalopathy (BSE) surveillance tests

**OBJECTIVE 5** – *Effective safety net and risk management tools*

*Performance Measures*

- Acreage insured under crop insurance as a percentage of total acreage seeded annually to crops or devoted to perennial tame hay and native forage
- Percentage of Saskatchewan farm operations with sales above $10,000 that participate in the 2006 Canadian Agricultural Income Stabilization (CAIS) program.

## GOAL 2

*Strong, resourceful, agricultural people and families*

**OBJECTIVE 1** – *Agricultural people and families with better tools and resources to deal with current stresses facing their industry*

*Performance Measures*

- Number of participants in the Canadian Agricultural Skills Services program

**OBJECTIVE 2** – *Agricultural people and families with better tools and resources to plan for their future*

*Performance Measures*

- Number of inquires to SAF's Agriculture Knowledge Centre and Agriculture Business Centres

# 2006-07 Financial Overview

| ***2006-07 ESTIMATES*** | *(in thousands of dollars)* |
|---|---|
| Central Management and Services | $ 6,290 |
| Policy and Planning | 6,033 |
| Research and Technology | 13,261 |
| Development and Technology Transfer | 20,857 |
| Inspection and Regulatory Management | 3,542 |
| Land Management | 3,587 |
| Farm Stability and Adaptation | 98,776 |
| Industry Assistance | 7,327 |
| Financial Programs | 4,244 |
| Crop Insurance | 100,875 |
| Total Appropriation | $ 264,792 |
| Capital Asset Acquisitions | 0 |
| Capital Asset Amortization | 144 |
| Total Expense | $ 264,936 |
| REVENUES | $ 48,408 |
| FTE Staff Complement | 532.1 |

A total of $193.675 million (representing 73 per cent of the Department's appropriation) is transferred to third parties including producers, researchers, and agricultural associations. This includes the provincial government's share of the total crop insurance premium. A further $20.857 million (accounting for 8 per cent of the appropriation) funds the provision of development and technology transfer services. The remaining $50.260 million (19 per cent of the appropriation) is expended for program delivery.

# Trends and Issues

Saskatchewan's agriculture industry has been under severe economic pressure to adapt and evolve. The Province's farmers and entrepreneurs have proven to be adept at capitalizing on opportunity, in spite of successive challenges within the industry.

The loss of the Crow Benefit, the long-term trend towards lower cereal grain prices and the economic impact of increased farm size (fewer farm families and declining rural population) have created a compelling case for development of a different agricultural sector in Saskatchewan. Greater emphasis on higher value crops and livestock increase the value of total primary production and provide opportunities for more slaughter and secondary manufacturing activity, as such processing tends to locate near the primary production.

## *TRENDS*

### *HOG MARKETINGS*

Saskatchewan hog marketings have increased by 150 per cent since 1997, indicating the Province's natural advantages of space, climate, feed supply and cost are being realized. These advantages position the sector for further growth despite the trade disruptions that are occasionally experienced in the global hog sector and in Canada-U.S. trade.

### *BEEF COW HERD GROWTH*

A focused effort to grow the provincial beef cow herd is succeeding. As of July 1, 2005, beef cows and replacement heifers on farms in Saskatchewan were a record 1.8 million head. As with hogs, the Province's natural advantages and proximity to North American markets bodes well for continued sector growth. Saskatchewan is an economically viable place to expand beef production, and this should be fully realized as we recover from the BSE induced market disruptions that effectively concluded in mid-2005.

### *MEAT PROCESSING*

As both the provincial cattle herd and hog inventories grow it becomes more attractive to process meat in Saskatchewan. For many years, the province's hog inventories and cow herd size/feedlot capacity have been much smaller than that of our neighbours to the east and west, respectively. As a result, hog processing developed in Manitoba and cattle finishing and processing concentrated in Alberta. With the growth that is now occurring in Saskatchewan,

there is opportunity to change this environment. Progress toward realizing this opportunity was achieved in July 2005, with the announcement by Maple Leaf Foods of plans to construct a new primary pork processing facility in Saskatoon, and to invest in value-added pork operations in the province.

### *INCREASED IRRIGATION/WATER DEVELOPMENT*

Throughout the world, irrigation is a widely used response to variable and limited precipitation. The Province's land base, clean water and semi-arid climate are ideal for further development of irrigation infrastructure. Approximately 340,000 acres in Saskatchewan are under irrigated production. It is estimated that the water resources exist to expand this to over one million acres. Such an expansion would result in additional economic benefits stemming from the output of higher value crops that could be grown in conjunction with value-added processing and/or intensive livestock production.

### *PRODUCTION OF SPECIAL CROPS*

Saskatchewan grain producers have diversified their production to include special crops, in response to depressed wheat and feed grain prices caused by international subsides. In a normal year, the Province accounts for approximately 25 per cent of world mustard production; 18 per cent of lentil production; 13 per cent of dry pea production; and 25 per cent of world flaxseed output.

### *EXPANSION IN ORGANIC FARMING*

Organic farming is an important niche opportunity. Farmers are utilizing a climate that is conducive to organic production and are capitalizing on this market. In 2003 there were 1,049 certified organic producers in Saskatchewan compared to 626 in 1999. Almost all of the traditional grains and oilseeds, as well as herbs and spices, and fruit and vegetables conventionally grown in Saskatchewan are also raised organically. In addition, organic producers are also engaged in production and marketing of ancient grains such as spelt and kamut.

### *THE GROWTH IN FOOD AND BEVERAGE MANUFACTURING*

Additional value in agriculture is captured when raw materials are transformed into higher value products. Value added growth has been variable in Saskatchewan despite the province's advantages for the processing of some primary commodities. Food and beverage industry shipments are expected to reach $1.99 billion in calendar 2005, a level comparable to that obtained in 2003 but down from the $2.12 billion reached in 2004.

### *MANUFACTURED FEED*

There had been marked growth in Saskatchewan's manufactured feed industry, both in support of the expanding provincial livestock industry and to supply national and international markets for manufactured feed. Between 1992 and 2003 the value of shipments of animal feed from Saskatchewan has nearly doubled, from $92 million to $180 million. Since 2003, the value of manufactured feed output in the province has declined, although this may be attributed to lower grain prices which have reduced input costs.

In response to and in support of these trends, SAF has implemented a number of strategies. Potential development opportunities and infrastructure requirements are being identified and project and technical assistance is available to a range of new or expanding agricultural enterprises.

## *ISSUES*

### *CROP COMMODITY PRICES*

Canadian prices have declined further as we have entered 2006 and are generally below prices seen in the previous five years. The additional decline experienced over the previous year can be attributed to an increase in domestic crop output and carryover and the continuing impact of international agricultural policies.

### *HIGHER INPUT COSTS*

Expenditures on fertilizer and fuel account for a large part of the operating expenses of most farms, and the prices of these products are directly related to the costs of natural gas and oil. The negative impact of significantly higher energy prices on farm profitability, as experienced in 2005 and continued into 2006, is compounded when commodity prices are falling. Unlike the situation of many industries, agriculture is unable to pass on its increased cost of production.

### *EXCHANGE RATES*

At the first week of February 2006, the value of the Canadian dollar was 32 per cent higher against the U.S. dollar, compared to three years earlier. Although much of this increase occurred in 2003 and 2004, the Canadian dollar is nine per cent higher compared to its level of a year earlier. As a result of this multi-year appreciation, the decline in the exchange adjusted prices of Canadian agricultural goods has been significant. Although there may be some mitigating effect to the extent that inputs are priced in U.S. dollars, this appreciation has created an extremely difficult period of adjustment.

### *FARM CASH RECEIPTS (FCR)*

Over the last 10 years, Saskatchewan's FCRs have risen modestly, increasing from $5.39 billion (1995) to $6.06 billion (2005). In the years immediately prior to the incidence of BSE, livestock receipts had been rising significantly, with this value peaking at $1.71 billion in 2002. This value had almost recovered in 2005, rising to $1.66 billion for the year. Program payments are up over the past four years, as programs respond to a combination of adverse circumstances and market factors. In 2005, almost 21 per cent of all cash receipts, or approximately $1.25 billion, stemmed from program payments. These were a result of both ongoing and ad hoc risk management programming, including crop insurance payments to address crop losses; Canadian Agricultural Income Stabilization payments to address margin declines; federal Farm Income Program Payments; and BSE related payments.

### *RISING INTEREST RATES*

Agriculture is a capital intensive industry. Despite high equity levels, Saskatchewan farmers paid an estimated $326 million in interest expenses in 2005. Although rates have been increasing, they remain below historic levels. If interest rates should rise significantly, there will be an increase in the economic vulnerability of Saskatchewan producers who carry significant levels of debt.

### *U.S. PROTECTIONISM*

In recent years, U.S. protectionist actions have been significant. Recent examples include the lengthy closure of the U.S. border to live cattle, the levying of anti-dumping and countervailing duties on Canadian wheat and the levying of anti-dumping duties on Canadian hogs. Although these attempts to restrict market access are being resolved in Canada's favour, such outcomes are achieved only after significant expense and delay. These experiences suggest a new North American trade remedy system is needed which better reflects the reality of our integrated markets.

### *ANIMAL HEALTH*

This is an issue of growing global importance. The effect of animal diseases can be devastating to an industry and an economy, as indicated by Canada's and Saskatchewan's experiences with BSE and with Chronic Wasting Disease in elk. Heightened diligence to prevent the introduction of disease into the provincial livestock population is essential as the Province encourages the development of large scale, intensive livestock operations.

***HUMAN HEALTH***

This also is an emerging issue for the industry. Increasingly, it is being suggested that agricultural products may play a direct role in furthering the health and wellness of consumers. An effective response to these expectations presents both implications and opportunities for producers, the industry and the Department.

SAF's plan incorporates a variety of responses to the issues identified above. This includes our funding for risk management programming and our internal capability to develop and deliver short-term assistance programs to deal with extraordinary shocks that do occur. In addition, the Department engages in discussions and negotiations with the federal government on future risk management programming, provision of ad hoc industry assistance, and ongoing representations on trade issues and on the economic injury being experienced.

# Changes from 2005-06 Performance Plan

The 2006-07 Strategic Plan is largely consistent with and builds on the themes contained in the 2005-06 Plan. A slight modification has been made to the second goal of the Department to reflect that the Department's efforts are primarily targeted at agricultural people and their families, and that rural community development initiatives are more appropriately delivered by Regional Economic and Co-operative Development.

The revised wording for Goal 2 now is: *Strong, resourceful, agricultural people and families.*

In respect to this goal, one objective has been added. This objective is: *Agricultural people and families with better tools and resources to deal with current stresses facing their operations and industry.*

This objective recognizes the variety of services provided by the Department such as the Farm Stress Line and the Canadian Agricultural Skill Services (CASS) Program. Such services help individual farm operators and their families to deal with the stresses they are experiencing and to take an in depth look at what adjustments they could make.

To accompany this objective, one performance measure has been added. The measure is: *Number of participants in the CASS program.*

The Department also was required to modify one performance measure that tracks progress made in increasing the total value of goods and services produced by the agriculture and food sector, due to data availability.

# Goals, Objectives, Actions and Measures

This section provides the detailed 2006-07 Performance Plan for SAF, which supports advancement towards our vision of a thriving agricultural sector that contributes to an enhanced quality of life for all Saskatchewan residents. Under each goal, a number of objectives have been established to support progress towards the broader goal statement. For each objective, a set of key actions has been identified. They are the means for making progress toward the objectives and thereby the larger goal. To assess progress, a set of performance measures has been established to gauge success in meeting the targets established.

In preparation of this performance plan, the Department needed to consider key cost drivers and related financial assumptions. A significant component of our budget – traditionally approaching 80 per cent – is transferred to third parties. The bulk of this ultimately goes to producers through risk management programming, but it also includes transfers to researchers and agricultural associations. Each year the Department estimates producer demand for production insurance, as well as the potential claims that will be made under the CAIS Program. Variations between actual and expected demand may lead to budgeted over or under funding of these programs. This in turn may trigger re-allocations within the Department's budget (with implications for the activities and intended outcomes to which those funds were originally allocated), requests for additional post-budget funding, or participation caps or payment pro-rating which also may affect the planned outcome of these initiatives.

## *GOAL 1*

*Prosperous, sustainable, agricultural production and processing industries*

***OBJECTIVE 1** – Increased livestock production and diversification to higher value crops*

One of the best opportunities to create jobs and economic growth in Saskatchewan is through further development of the livestock industry, particularly the cattle and hog sectors. Increases in such livestock production have the potential to encourage expansion in our domestic meat processing sector. The Province continues to encourage and support the industry in the attainment of its full potential through a number of initiatives.

An increase in the value of production per acre of crop land will also result in a larger rural economy and more employment in rural Saskatchewan. This may be achieved through higher yields, more intensive use of land and growing higher value crops.

**Key Actions for 2006-07**

- Proactively identify potential development opportunities and infrastructure requirements, and provide project support for new or expanding agricultural enterprises.
- Implement strategies to attract new people and investment to the livestock industry.
- Provide livestock and crop development information and services.
- Provide livestock disease, crop disease and pest surveillance.
- Continue to build our irrigation sector, in co-operation with federal, provincial and industry counterparts.
- Assist the continued growth in the organic sector through further development of certification processes, markets, and investment in production research.
- Pursue increases in Saskatchewan's production quota allocation for targeted supply management commodities.
- In co-operation with the federal government, pursue improvements in the rules governing international trade and international market access, and continue our response to trade protectionist actions.
- Manage agricultural Crown land and develop options for best use of the asset.

| **What are we measuring?** | **Where are we starting from?** |
|---|---|
| Hogs marketed | 2.48 million hogs<br>*[2004]* |

A sustained increase in hogs marketed will indicate expansion in the industry. This measurement is an appropriate (but not an exact) indicator that the public policy necessary for expansion has been adopted, supporting infrastructure has been put into place, and required investment has actually occurred.

Although the Department is able to influence several production factors, certain key factors, including changes in market access, commodity prices, feed prices and availability, and interest rates are beyond the Department's control.

| What are we measuring? | Where are we starting from? |
|---|---|
| Slaughter steers/heifers marketed | 306,850 head<br>*[2004]* |

A sustained increase in slaughter steers/heifers marketed will indicate expansion in the cattle feeding industry. The appropriateness of this measure and the Department's level of control or influence are similar to that noted above for hogs.

| What are we measuring? | Where are we starting from? |
|---|---|
| Beef cow herd size | 1.54 million head<br>*[January 1, 2005]* |

A sustained increase in the beef cow herd will require shifts in land use (most likely from crops) to grazing and forage production and will indicate that the cattle industry is expanding. The appropriateness of this measure and the Department's level of control or influence are similar to that noted above.

| What are we measuring? | Where are we starting from? |
|---|---|
| Value of Saskatchewan crop output per acre | $71.63 per acre<br>*[2004]* |

The monitoring of changes in the dollar value generated per acre of crop produced will allow the Department to gauge the level of adoption of new production technology and higher value crops.

While SAF can influence the value generated per acre, other factors, including weather conditions, the mix of commodities produced, trade and production distorting subsidies and commodity price fluctuations, also have major impact.

***OBJECTIVE 2** – Increased total value of goods and services produced by the agriculture and food sector*

Development of the primary agricultural sector and further processing of this production is necessary to expand the contribution in economic output and employment that may be made to the provincial economy. Increased processing, particularly outside urban centers will directly enhance the rural economy and help keep smaller communities viable.

**Key Actions for 2006-07**

- Implement the meat processing strategy to attain expansion of industry slaughter and processing capacity in the province.
- Implement strategies to develop value chains for the flax, pulse, organic and bio-energy industries.
- Build our "healthy" food sector by identifying functional foods grown in Saskatchewan which have demonstrated wellness benefits and by developing their commercialization/market opportunities.
- Invest in and manage research and development to support the industry priority areas (noted above) and to create opportunities for the agriculture and food sector.
- Provide an effective regulatory environment for sector development by updating regulations where appropriate.

| **What are we measuring?** | **Where are we starting from?** |
|---|---|
| Total farm market receipts plus the value of food and beverage shipments | $7.09 billion *[2004]* |

Farm market receipts plus food and beverage shipments measured by Statistics Canada indicates the contribution of agricultural primary and processing industries to the provincial economy. Sustained increases in this measure will indicate the public policy necessary for industry expansion has been adopted and the necessary supporting infrastructure is in place.

***OBJECTIVE 3*** *-- Enhanced environmental stewardship*

The agricultural sector recognizes it has an important environmental stewardship role and that sustainability relies upon its co-existence with the natural environment. There is general agreement across the industry that progressive farming and processing practices should be utilized in an environmentally sound manner to maintain our soil and water resources, preserve the atmosphere, and ensure compatibility between agriculture and biodiversity in the environment. This focus is essential to ensuring the industry's long-term vitality and profitability.

**Key Actions for 2006-07**

- Implement an environmental monitoring and indicator program.
- Continue to implement the environmental farm planning initiative. (http://www.saskpcab.com/efp.html provides information on this initiative to enable agricultural producers to develop assessment tools on environmental risks and opportunities for their operations and identify advantageous management practices.)
- Maximize the benefit to Saskatchewan farmers as the Climate Change Plan for Canada is implemented.
- Provide environmental assessments for intensive livestock operations.
- Regulate the application of pesticide products by the agriculture industry.

| **What are we measuring?** | **Where are we starting from?** |
|---|---|
| Conservation tillage as a per cent of land prepared for seeding | 67.6% of acreage prepared for seeding *[2001]* |

Conservation till (which includes a variety of practices that reduce or minimize the disturbance of the topsoil) is the best management practice for long-term economic and environmentally sustainable crop production.

Climatic and economic factors may influence conservation till acreage in any one year. Adoption of this technology requires new capital investment so that progress toward the objective should be measured over a multi-year period. An update on the adoption of such tillage practices will be available with the release of the 2006 agriculture census.

| **What are we measuring?** | **Where are we starting from?** |
|---|---|
| Summerfallow as a per cent of total cultivated land | 13.9% of total annual crop land acreage *[2005]* |

Summer fallowing for weed control and increased moisture reserves may subject land to wind and water erosion and affect the organic content of the soil. These concerns plus advances in production technology are reducing this practice.

Moisture levels, weather conditions and economic factors may influence summerfallow acreage in any one year.

| What are we measuring? | Where are we starting from? |
|---|---|
| Number of environmental farm planning workshops | 79 stage one workshops and 60 stage two workshops, involving the participation of 940 producers<br>*[fiscal 2004-05]* |

The adoption of environmental farm planning by producers in Saskatchewan is being supported by the Department. Locally based workshops are available to producers and are resourced by trained agrologists.

Department resources for third party delivery and producer interest will influence the number of workshops that may be offered and demanded.

***OBJECTIVE 4** – Improved food safety and quality systems*

Consumers throughout the world increasingly demand that high safety standards be observed in the production of food they consume. Saskatchewan producers and processors must respond to that demand to compete in the global marketplace. In recognition of this, food safety and quality programming is one of the five elements of the APF. Measures are being developed and will be implemented to enhance the sector's ability to identify and respond to food safety issues and concerns, while improving market access and opportunities for the sector.

**Key Actions for 2006-07**

- Continue to implement a food safety strategy for Saskatchewan's food processing sector. (This includes the provision of voluntary inspection of abattoirs and meat processing plants to help ensure food safety, and industry adaptation to regulations which requires the removal of specified risk materials from all cattle slaughtered. Further information is available at: http://www.agr.gov.sk.ca/docs/about_us/programs_services/meatinspect.asp.)
- Ensure the provincial component of Canada's expanded BSE surveillance program targets are met.
- Assist industry in implementing on-farm food safety programs.

| What are we measuring? | Where are we starting from? |
|---|---|
| Number of incidences where inhibitor penalties are applied to dairy producers | 11 incidents<br>*[2004]* |

Consumers view milk as an essential foodstuff and place high importance on the safety and quality on milk produced and supplied to them. One concern is the presence of antibiotic residue that may be present in raw milk shipments from dairy farms. Penalties are applied in cases were such residue is detected.

SAF expects to have significant influence over the future number of penalties through education programs it is providing to producers and through revisions to the penalty regulations which took effect in November 2004.

| What are we measuring? | Where are we starting from? |
|---|---|
| Number of hogs that are inspected in federally regulated slaughter facilities in Saskatchewan | 1,133,882 hogs<br>*[2002]* |

There is greater market access for products of animals that are federally inspected, as these products may be marketed and shipped beyond provincial boundaries and exported.

SAF anticipates it will have significant influence over the number of hogs that are federally inspected through a proposed meat processor upgrading program and changes in meat regulations.

| What are we measuring? | Where are we starting from? |
|---|---|
| Number of BSE surveillance tests | 1,834<br>*[2004 preliminary]* |

Surveillance is a key part of Canada's ability to confirm its very low prevalence of BSE within the domestic herd, and to provide reassurance to foreign governments and markets that Canadian beef is safe. National surveillance goals have been set in co-operation with the federal government and have been broken down further by province.

| What are we measuring? | Where are we starting from? |
|---|---|
| Number of farmers that have trained in On-Farm Food Safety (OFFS) Programs | Under development – data availability is being pursued with producer organizations |

Ensuring a safe and high quality food supply requires the adoption of effective systems throughout the food chain, starting with the producer of the primary product.

SAF will have some influence over the number of farmers that take OFFS training through its efforts with provincial commodity groups to develop and implement appropriate programming.

Producer participation will be dependent on their perception of the need, benefit and costs of such on-farm systems.

***OBJECTIVE 5*** *– Effective safety net programs and risk management tools*

Income from agricultural production is subject to both price and production risk and may be quite variable from year to year. Effective safety net programs and risk management tools are essential if producers are to deal with these risks and achieve the full economic potential of the sector. The development of business risk management programming, including the CAIS program, which replaced previous programming and provides producers with disaster assistance and income stabilization, has been an essential component of the APF.

**Key Actions for 2006-07**

- Continue participation in and further development of the Canadian Agricultural Income Stabilization (CAIS) program.
- Enhance crop insurance programs which grains and livestock producers may use to offset production failures and other natural hazards.
- Continue monitoring and delivery of programming to address unique risk situations (e.g., BSE).

| **What are we measuring?** | **Where are we starting from?** |
|---|---|
| Acreage insured under crop insurance as a percentage of total acreage seeded annually to crops or devoted to perennial tame hay and native forage | 71% of area seeded to annual crops *[2004]*<br><br>11% of area in perennial tame hay and native forage *[2004]* |

One measure of the effectiveness of crop insurance programming that is used is producer participation. This is calculated in terms of the actual acreage that is insured compared to the total possible acreage that could be insured. It is inferred that a high or increasing level of participation indicates effective programming, while a low or declining participation rate indicates the program is less effective or trending in that direction. However, producers have raised concern about the adequacy of the coverage of the crop insurance program. They may choose to participate because there are no other production insurance options. In this respect, participation levels may be an incomplete measure for gauging program effectiveness.

**What are we measuring?**

Percentage of Saskatchewan farm operations above $10,000 in sales that participate in the 2006 CAIS program

**Where are we starting from?**

43,838 option notices returned to the CAIS administration from Saskatchewan farm operators – 100 per cent
*[2004 claim year]*

One measure of the effectiveness of risk management is producer participation. The data on farm operations above $10,000 are estimates produced through the annual Farm Financial Survey conducted by Statistics Canada.

SAF has some influence over producer participation through provision of information, promotion and communications on the program.

As noted above for crop insurance, participation may be an incomplete measure of program effectiveness, for the same reasons.

## GOAL 2

*Strong, resourceful agricultural people and families*

***OBJECTIVE 1** – Agricultural people and families with better tools and resources to deal with current stresses facing their industry*

Saskatchewan's agricultural sector has been under significant economic stress in recent years. To cope with these circumstances individual operators and their families must have available to them both immediate and longer term tools. An initial point of contact is the Farm Stress Line and the SAF Inquiry Line. For the longer term, tools must also be available to assist farmers and their families to make decisions regarding their individual operations and determine what options are available – including diversification and/or expansion of their operations, or the consideration of off-farm opportunities.

**Key Actions for 2006-07**

- In co-operation with the federal government, deliver renewal programming services to farm families (to respond to financial stress, to capture new opportunities, and to effectively change current operations).
- Provide information and counseling services to help farm families deal with the stresses in their industry.

| What are we measuring? | Where are we starting from? |
|---|---|
| Participation in the Canadian Agricultural Skill Services (CASS) Program | Under development |

The CASS program was implemented in the spring of 2005 to provide renewal programming to farmers.

SAF has some influence over the number of farmers that participate in this program through its promotion and delivery through its Agri-Business Development Branch.

***OBJECTIVE 2** – Agricultural people and families with better tools and resources to plan for their future*

**Key Actions for 2006-07**

- Provide enhanced specialist, technical and business development services.

| What are we measuring? | Where are we starting from? |
|---|---|
| Number of inquiries to SAF's Agricultural Knowledge Centre for agronomic information | 16,900 inquiries *[fiscal 2004-05]* |

Changes in the number of inquiries will enable the Department to gauge the popularity and usefulness of the technical and support services made available.

The number of inquiries tends to rise if the sector is stressed by unusual weather, agronomic or economic factors.

The number of inquiries to SAF's Agricultural Knowledge Centre is a proxy on the provision by the Department of better farm management tools to Saskatchewan's agricultural producers. At best, it is an approximate measure, as inquires may vary from year to year in response to environmental or market factors and stresses.

In respect to the objective, an ideal measure or measures to monitor progress towards achievement would assess and track overall client satisfaction and their assessment of the effectiveness of the information and services provided by the Department.

# For More Information

Readers seeking additional information may consult the SAF website, located at http://www.agr.gov.sk.ca/. This site includes detailed program information, agronomic information, reports, statistics and several interactive features.

Additional information may also be obtained by writing:

Communications Branch
Room 101
3085 Albert Street
Regina, Saskatchewan
S4S 0B1

Readers may also provide feedback on SAF's plan via the above site, at http://www.agr.gov.sk.ca/apps/contact/ask_saf.asp, or by writing to:

Deputy Minister
Saskatchewan Agriculture and Food
Room 101, 3085 Albert Street
Regina, Saskatchewan
S4S 0B1